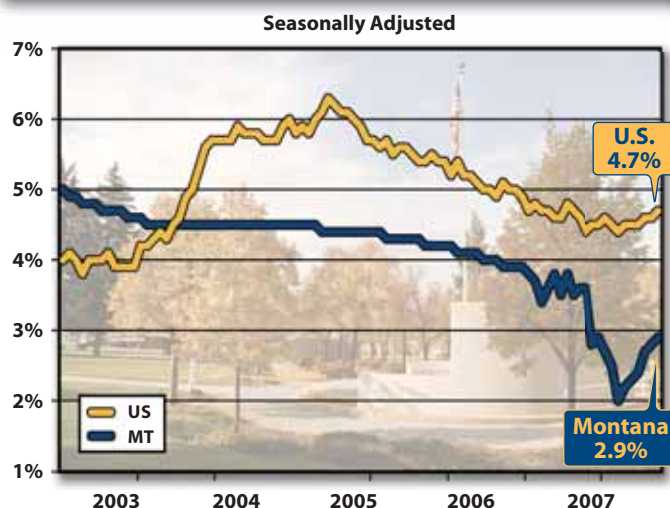


Montana Economy at a Glance

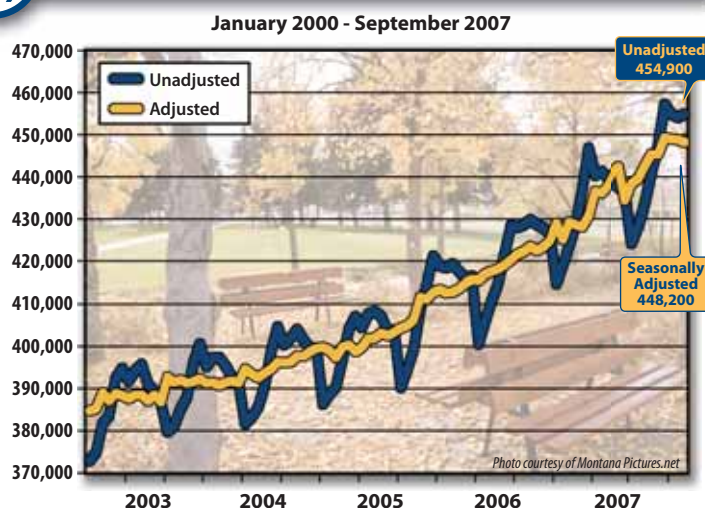
UNEMPLOYMENT RATE



NONFARM EMPLOYMENT

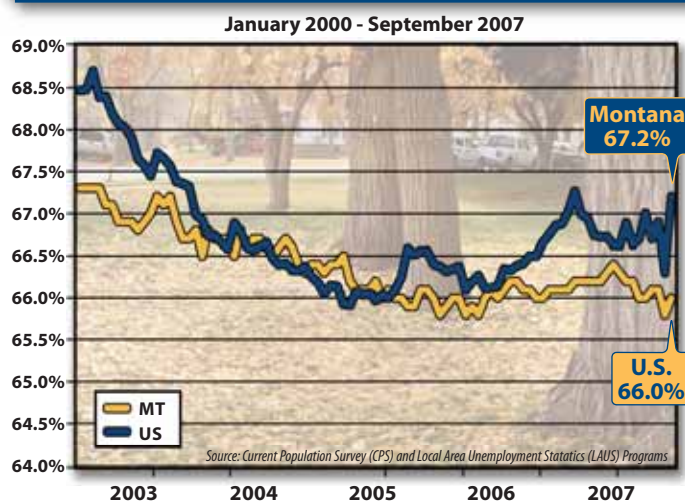


Montana's seasonally adjusted unemployment rate rose to 2.9% in September 2007 from 2.8% in August. The U.S. rate also rose slightly to 4.7% over the month.



Montana's seasonally adjusted nonagricultural payroll employment decreased by 600 jobs (-0.1%) from August to September 2007. Total Government experienced the largest loss at -1,400 (-1.5%) jobs. Meanwhile, Trade, Transportation, & Utilities showed the largest gain, adding 1,000 (+1.1%) jobs over the month.

LABOR FORCE PARTICIPATION

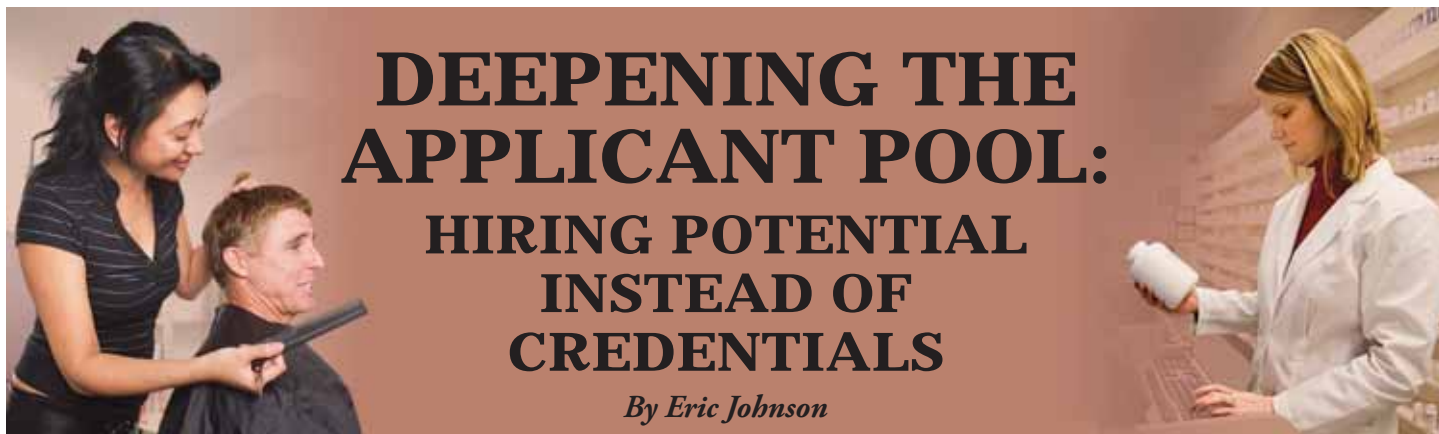


Labor force participation climbed sharply in Montana between August and September. This marks the highest level reached since June 2006 and is one of the highest levels of participation seen over the past six years. The U.S. also saw a slight increase in participation, though the national rate is still well below Montana's current level.

EMPLOYMENT BY INDUSTRY

Industry Employment (in thousands)	Sept. ^(P) 2007	Aug. 2007	Net Change	Percent Change
Total Non-Agricultural	448.2	448.8	-0.6	-0.1%
Natural Resources & Mining	8.8	8.8	0.0	0.0%
Construction	33.1	33.5	-0.4	-1.2%
Manufacturing	20.6	20.7	-0.1	-0.5%
Trade, Transportation, Utilities	92.1	91.1	1.0	1.1%
Information	7.6	7.6	0.0	0.0%
Financial Activities	22.1	22.2	-0.1	-0.5%
Professional & Business Services	40.0	40.1	-0.1	-0.2%
Education & Health Services	58.6	58.9	-0.3	-0.5%
Leisure & Hospitality	58.4	58.1	0.3	0.5%
Other Services	17.5	17.4	0.1	0.6%
Total Government	89.0	90.4	-1.4	-1.5%

(P) denotes preliminary figures



In Montana, a complaint being voiced among employers is that they cannot find enough workers. In the words of one employer, Montana is experiencing “a draining of the applicant pool.” There are indications this situation may be a long-term trend. It has been suggested that by 2013, the annual increases in Montana’s population will fall below the level needed to supply a sufficient number of workers to the labor force, given current growth within the economy.¹

As the unemployment rate in Montana continues to linger near historically low levels, more and more attention is being paid to the difficulty of recruiting new or replacement workers. However, within this problem lies another: finding workers with the requisite skills.

As shown in Table One, all jobs require skills in addition to knowledge and abilities. It is the complexity level of the skills that separates jobs into low-skilled or high-skilled, and usually separates jobs into low pay or high pay. Low-skills or high, employers prefer to hire employees who have already acquired skills. This preference can contribute to the perceived severity of the “draining” of the applicant pool.

Regardless of the true level of the applicant pool, employers have reported having difficulty finding skilled workers, whether the jobs require low complexity or high complexity skill levels. In conducting research for her book, Nan L. Maxwell found that nearly 60 percent of firms reported having great difficulty in re-

Table One.

EMPLOYERS ARE SEEKING:²	
  	KNOWLEDGE <ul style="list-style-type: none"> • Technology • Systems • Information • Resources • Interpersonal Interaction
	SKILLS <ul style="list-style-type: none"> • English • Math • Problem-Solving • Communications
	ABILITIES <ul style="list-style-type: none"> • Workplace Behavior • Follow Instructions • Physical Ability • Mechanical

cruiting qualified workers for low-skilled jobs even when the unemployment rate exceeded 7.0 percent. Montana's unemployment rate has been below 7.0 percent since 1988 and below 5.0 percent for the last seven years. Given the historically low unemployment rates currently being experienced, Montana may be facing the challenge of not just finding workers, but of finding skilled workers.

However, several studies have shown that more than one applicant pool exists in Montana. These other pools are made up of individuals who do not currently participate in the Montana workforce. For example, about half of all high school dropouts are not working. Also included are retirees, stay-at-home parents, disabled persons, expatriate Montanans, and American Indians. In the current situation, more employers should be willing to look to these other pools for employees as advertising, employee retention policies, and other strategies have failed to ensure full staffing. However, these segments of the population may lack required or up-to-date skills.

If a sustained shortage of labor persists, employers may want to consider reviewing their hiring process. One approach that can be successful is hiring based upon potential rather than credentials. The traditional approach to hiring is to find an exact match in an applicant to the skills required by the job. This leads to a rejection of any applicant that doesn't fully match up.

One example of a different approach comes from a successful church – the executive pastor was a school teacher before assuming that position and the director of volunteers was recruited from a doctor's office. Another employer that rethought the traditional approach is the Army National Guard. The National Guard instituted the GED Plus Program, a program

that allows non-GED holders to enlist. The National Guard sends these enlistees to school to complete their GED before sending them off to basic training. Reports indicate that the program has been successful and has contributed to the National Guard achieving enlistment quotas. In both examples, a different approach has allowed employers to deepen their applicant pool.

Deepening the pool does not come without a price. Federal and state programs such as Job Corps and Adult Basic Education are focused on helping people acquire skills, but they may be unable to serve all the potential applicants. Often enough, the employer has to be prepared to actively ensure the skills are acquired, investing both time and money. Many organizations have training programs, while others (such as McDonald's, Boeing, Walt Disney, and more than 2,000 others) operate "corporate universities," some of which are degree-granting institutions.

For training purposes, the apprenticeship system is one of the oldest known forms of instilling occupation-specific skills. Historically, apprenticeship programs have been seen as the territory of construction businesses and labor unions. Approximately 180 occupations are registered with the State of Montana's apprenticeship program. About 50 of these occupations have apprentices currently



enrolled and enrollment is largely concentrated in construction occupations.³ However, more recent additions to the national apprenticeship program include non-construction related occupations such as Hotel Associate, Internetworking Technician, Office Manager/Administrative Services, and Pharmacy Technician.⁴ Indicative of this change, a 2005 survey in North Carolina revealed that 28 percent of apprentices in the state were working in State Government, 27 percent were working in Manufacturing, 12 percent working in Construction, and 10 percent working in Local Government.⁵ Examples of occupations in the apprenticeship program with high demand in Montana are shown in Table Two.

Table Two.

APPRENTICEABLE OCCUPATIONS IN DEMAND IN MONTANA⁶

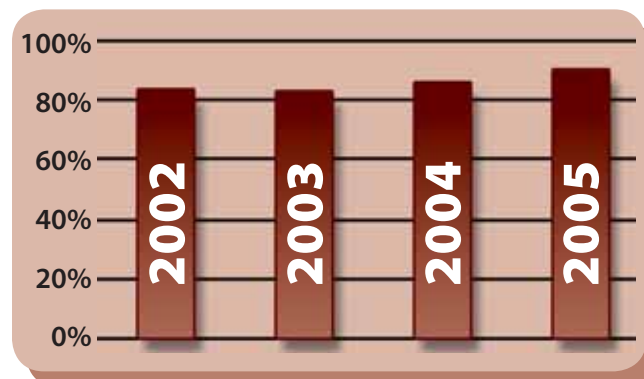
OCCUPATION	ANNUAL OPENINGS
Child Care Specialists	911
Carpenters	507
Manager, Retail Sales	403
Truck Driver, Heavy	359
Nurse Assistant	244
Auto Mechanic	191
Cosmetologists	188
Cook, Hotel/Restaurant	180

The biggest benefit to employers is that a training program can expand the number of workers considered for employment. The presence of a training program shifts the focus away from hiring workers with acquired skills to hiring workers capable of acquiring skills. While employers worry that training and education may make workers more mobile, a large percentage of workers remain in Montana after completing their training. Of the 214 apprenticeship program graduates in 2002, 83 percent had reportable wages in Montana in 2006. As shown in Figure One, graduates of apprenticeship programs

have high retention rates. Also, using apprenticeship program graduates, several studies in Europe have indicated that employees completing training programs tend to remain longer with current employers than do other employees.⁷

Figure One.

**PERCENTAGE OF APPRENTICES WITH EARNINGS IN ANY QUARTER OF 2006
by Year of Graduation**



Montana is facing both opportunities and challenges with its economy. Considering the current and future labor force pool, employers may need to change their approach to recruiting workers in order to deepen the applicant pool. One means of doing this is to hire for potential. Drawing formerly unconsidered persons into the labor force will provide opportunities to both workers and businesses, which will help sustain Montana's economic growth.

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- ¹ "Addressing the Coming Labor Shortage" at www.ourfactsfuture.org/admin/uploadedPublications/2083_Aug07_EAG_Article.pdf
- ² Maxwell, N. L. (2006) *The working life: The labor market for workers in low-skilled jobs*. Upjohn Institute, Kalamazoo, MI.
- ³ www.doleta.gov/OA/e-tools2.cfm#factsheets. See also <http://mcis.dli.mt.gov/apprentice.asp>
- ⁴ www.gao.gov/new.items/d01940.pdf
- ⁵ www.nclabor.com/appren/sponsor_survey_rpt05.pdf
- ⁶ www.ourfactsfuture.org/admin/uploadedPublications/1665_Projections_2014_Web.pdf
- ⁷ *Learning and Skills Council, United Kingdom, December 2006*

Montana Census of Fatal Occupational Injuries, 2006

By Peggy Coggeshall

Workplace deaths in Montana decreased 10 percent from 2005 to 2006, with a total of 45 work-related fatalities, according to the Census of Fatal Occupational Injuries (CFOI) report.

Transportation incidents account for 30 (67%) of the 45 fatalities, making this the 14th year in a row that this category has been the leading cause of fatal injuries. An important note to remember when viewing this count is that not all transportation "incidents" are motor vehicle accidents.

The category "Transportation Accidents" includes:

- Highway/non-highway accidents
- Collision/non-collision accidents
- Pedestrian/non-occupants struck by vehicle
- Railway accidents
- Water vehicle accidents
- Aircraft accidents

Transportation vehicles included in this category:

- Automobiles, buses, trucks, motorcycles, RVs, and bicycles
- Air, rail and water vehicles
- ATVs, golf carts, snowmobiles
- Tractors, forklifts, powered carriers
- Loaders, bulldozers, backhoes
- Harvesters, combines, mobile planters

This wide range of incidents and vehicle types may help to explain why "Transportation incidents" has such a high rate compared to other categories.

The natural resources and mining industry led in fatal occupational injuries with 14 of the total (31%). The second highest industry was transportation and warehousing with 7 fatalities (16%), followed by construction with 6 (13%) fatalities in 2006. Manufacturing and information industries both reported four (9%) fatalities each.

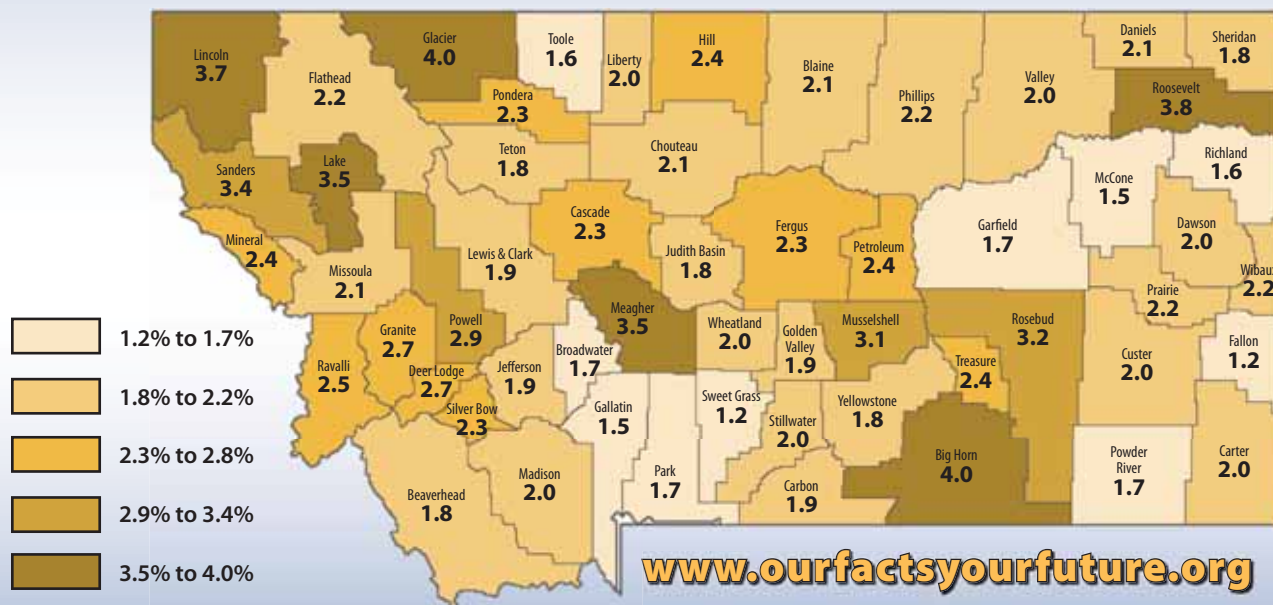


To read the full report, go to our website at www.ourfactsyourfuture.org, click on "Occupational Safety Statistics" in the green bar on the left, then click on CFOI. Please direct any questions to Peggy Coggeshall 406-444-2430

COUNTY UNEMPLOYMENT RATES (NOT SEASONALLY ADJUSTED)

Montana Average Rate: 2.1%

Please note: The Federal Bureau of Labor Statistics has recently revised unemployment rates for individual counties from 2000 to the current. Statewide unemployment rates were not affected by these revisions. If you have any questions, please contact Tyler Turner at tturner@mt.gov or (406) 444-2992.



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